



DIB Bank Kenya

A subsidiary of Dubai Islamic Bank PJSC

TREASURY MARKET UPDATE 24TH FEBRUARY 2020

DOMESTIC NEWS

The home unit closed the week stronger on Friday. The shilling saw a vibrant trend against the greenback on the back of muted dollar demand and sellers dominating foreign exchange trading. In today's trading, the pair is expected to play it out within the branded margins as investors await any trigger that could signal the market to a change in either direction. By close of trade, the local unit stood at 101.10/30 as compared to Thursday's close of 101.15/35.

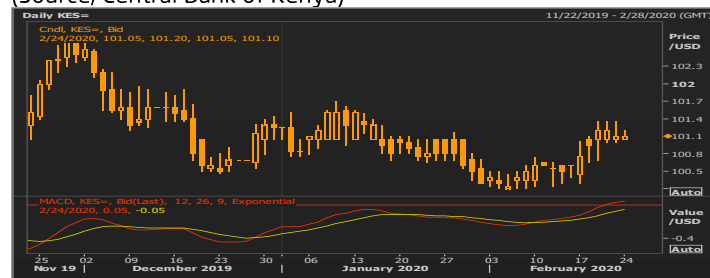
In other news, the next meeting of the Monetary Policy Committee (MPC) will be held on Monday, March 23, 2020. In its last meeting the MPC lowered the base lending rate to 8.25% from 8.50% in its first sitting this year in January, as banks moved to adjust to the post rate cap regime. The MPC pegged its decision to cut the benchmark rate on the back off domestic macroeconomic stability, despite potential risks posed by food supply and increased global uncertainties. This is will be its third sitting after November's scrapping of interest rate law which for the last three years, was blamed for starving the private sector and households of credit, with ripple effects to the economy.

Indicative Forex rates

	Buy Cash	Sell Cash	Buy TT	Sell TT
USD/KES	97.70	104.70	98.70	103.70
GBP/KES	126.90	134.90	127.50	134.50
EUR/KES	106.00	113.00	106.55	112.55
AED/KES	26.05	29.05	26.05	29.05

Money Market Rates	Current	Previous	Change
Interbank Rate	4.332%	4.217%	0.115
91-Day T-bill	7.394%	7.314%	0.005
182-Day T-Bill	8.258%	8.258%	0.000
364-Day T-Bill	9.799%	9.850%	-0.051
Inflation	5.780%	5.820%	-0.040
CBR RATE	8.250%	8.500%	-0.250

(Source; Central Bank of Kenya)



(Source; Reuters)

INTERNATIONAL NEWS

The U.S. dollar index fell sharply on Friday to 99.57, paced by the key U.S. services sector which unexpectedly contracted, signaling potential trouble ahead of the U.S. economy. The IHS Markit flash services sector Purchasing Managers' Index dropped to 49.4 in February, the lowest in six years, raising concerns about the health of the broader economy as services account for roughly 66% of total growth. On the data front, a report on U.S. consumer confidence is due on Tuesday. Meanwhile, Investors will be on the lookout for any comments from U.S. Federal Reserve officials on the virus impact this week.

The GBP/USD pair stayed mildly weak at \$1.2950 on Friday UK manufacturing output unexpectedly soared. The EU and the UK set to start trade talks in March, Brexit to return to the spotlight. The Prime Minister will next week publish the Government's 'red lines' for its US trade negotiations which are expected to push back on US demands.

The euro rose to \$1.0857 on Friday as better-than-expected eurozone composite purchasing managers' index data suggested the economic bloc has shrugged off the impact of the virus so far.

The Japanese yen was little changed against the U.S. dollar on Monday in Asia at 111.53 despite concerns that global coronavirus spread are worsening. An outbreak of cases outside of China has recently gained the market's attention. Italy, South Korea and Iran posted sharp rises in infections over the weekend.

Elsewhere, global oil prices tumbled nearly towards a one-week low on Monday to \$56.81 per barrel as the rapid spread of the coronavirus in several countries outside China was witnessed. Chinese President Xi Jinping said China will adjust policy to help cushion the blow to the economy from the coronavirus outbreak.

Indicative Profit Rates on Deposits		
	Amounts > 10 Million	Amounts >100,000
	KES	USD
2 Weeks	6.50%	1.25%
1 Month	7.00%	1.75%
3 Months	8.00%	2.00%
6 Months	8.25%	2.25%
1 year	9.00%	2.50%

Indicative Cross Rates		
	Bid	Offer
EUR/USD	1.0795	1.0870
GBP/USD	1.2905	1.2980
USD/AED	3.6675	3.6775
USD/JPY	110.90	111.85

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